

are talking about, how transmission can be operated, how to get new transmission incentives to invest in transmission costs. We find ourselves in a position of using more electricity, for example, but not really keeping up production to meet our demands. In some parts of the country—for instance, Wyoming—where we have lots of coal, we could generate a great deal of electricity, but then there has to be a way to move it to the market. Those have been very difficult things.

We have to have research. I mentioned coal. We ought to have more research so we can ensure that coal is clean and we can have clean air as we generate that fossil resource that is the most abundant resource we have in fossil fuel. We need then, of course, in the shorter term, to continue to encourage production. We find ourselves almost 60 percent dependent on foreign oil. We have a good deal of oil in our country and we need to find ways to extract more of that, keeping in mind at the same time the protection of the environment.

We can do that. There is ample evidence we can do that. So we have to deal with things such as incentives for unusual kinds of oil and gas that are more expensive to discover and to produce. We have to look at what we can do with the potential resources in Alaska, for example, whether it be having gas available from there, build a pipeline down so it is there, or whether we talk about ANWR. These are places where there are substantial sources of energy but they are not really available to us. These are some of the things we need to talk about.

We had a bill last year in both Houses. We had a committee working on it last year. We were not able to produce a policy. This year, the same thing is happening. We passed something in the Senate; there was something else passed in the House. We need to put together the differences, and there are differences, quite a few in terms of the amount of ethanol we use and the subsidies that are there for ethanol.

We have been talking about what to do about electricity and how much authority they have in the Federal Energy Regulatory Commission. That is controversial—how we can develop techniques, given regional differences in energy, without having the Federal Government in charge of everything we do. These are called regional transmission organizations, where the States can make the decisions within that for interstate movement. Then when you move between the RTOs, there has to be some Federal involvement.

These are some problems that are not insurmountable. We can get them done. Of course, not everyone is going to agree on every detail, but that is not uncommon in the Senate. We have to give away some things. Some things are different in Alabama or Oregon, and we need to reconcile those dif-

ferences and put together a national energy policy.

That is our challenge. I mention that to emphasize that hopefully we will not be here forever. We will be able to adjourn this session, hopefully in November sometime—early November, if we are lucky, or later. We have a lot to do prior to that time, but we can do it if we will bring it to the floor, if we have our legitimate concerns voiced in legitimate debates, but not just hold up legislation for various political reasons. I think that makes us look inefficient and unaware of what we have to do, and we have a great deal to do.

I believe our time has expired. Mr. President, I yield the floor and suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. SPECTER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. ENZI). Without objection, it is so ordered.

Mr. SPECTER. Mr. President, I further ask unanimous consent that I may speak as in morning business.

The PRESIDING OFFICER. Without objection, it is so ordered.

FUNDING FOR IRAQ

Mr. SPECTER. Mr. President, I have sought recognition to discuss the pending administration request for \$87 billion, including some \$20 billion for the rebuilding of Iraq. At the present time, the Appropriations Committee is considering this request and soon the matter will be on the floor. I urge my colleagues to give consideration to the proposition that the \$20 billion to be advanced to rebuild Iraq ought to be in the form of either a loan or a loan guarantee. I understand this is contrary to the administration's position at the present time, but there may be some receptivity in the administration or, in any event, it is my thought that the Congress ought to consider this as an alternative in the spirit of trying to be helpful to the administration in working through the very difficult issues we are facing at the present time.

There is no doubt that the appropriation for the military is a matter of necessity as it has been outlined by the President. There is a strong universal commitment in the Congress to backing our troops. We compliment them on the extraordinary job they have done in the military victory in Iraq, and we compliment them further on their ongoing efforts to try to restore law and order, try to establish a peace to maintain. It is a highly regrettable situation that our military find themselves in a position of being police, responsibilities for which they are not trained and responsibilities which ought to be undertaken by others.

It is my hope that there will be assistance from countries such as Turkey

and Pakistan, Muslim countries, to give more confidence to the Arab world, or that we will work through an arrangement with the United Nations so that there will be some sharing of the burden of rebuilding Iraq, so that when it comes to the funding for the military, there is universal agreement and certainly my support for that appropriation.

The issue as to rebuilding Iraq, I submit, stands on somewhat different terms. As I think through the issue of funding the rebuilding of Iraq, I think about the analogy of a bankruptcy proceeding. There is no doubt that Iraq as a country is bankrupt. They have latent assets, sitting on the second largest oil pool in the world, but they do not have a government in existence. They cannot function. They are bankrupt.

When the argument is made that we should not further burden Iraq beyond the \$200 billion in debts which they have at the present time, the analogy to bankruptcy would say that those debts are owed to creditors that are general creditors, unsecured. When there is a bankruptcy, there are no funds to pay those creditors. They come last in line. If there are no funds, they simply get no funds.

On that subject, while not dispositive and not critical, I think it ought to be noted that some of these debts were incurred in a context where the lending parties knew they were supporting a totalitarian and dictatorial regime which had used chemical warfare on their own people, the Kurds, had used chemical weapons in the Iran-Iraq war, a regime which was brutalizing the Iraqi people.

In a very realistic sense, people who were loaning money to Saddam Hussein in a context knowing that is where the funds were going were accessories before the fact to some very heinous conduct. In a very fundamental way, as a matter of public policy, they are not entitled to be reimbursed for funds advanced in that context.

Some of those moneys are owed by way of reparations to Kuwait and others. They stand on a somewhat different footing. But all of those funds are in a category, if it were a bankruptcy proceeding, of creditors that would take no assets when there are no assets to be taken. There is a further argument advanced that if the United States makes loans, then there would be no motivation or no leverage for the United States to get other donor nations to make contributions.

In a meeting, as I understand it, scheduled in Madrid for October 23, the United States will be pressing other nations to make contributions. If we are to have a chance to get contributions from other nations, it seems to me that we ought not to make a blanket grant at the present time of \$20 billion but ought to condition any such grant on getting cooperation and getting support from other countries. If the United States is to put up the \$20

billion on our own without any commitments from other countries, there is the inevitable sense that the other countries say: Well, the United States is doing it. They are putting up \$20 billion. Let them put up that money and whatever else is required.

So the argument that if we condition the loans on collateral security or if we condition the money on a loan situation and look for collateral security that we will discourage other donors is essentially fallacious.

The argument is also advanced that if we make loans, we will be reinforcing the view of the Arab world that the only reason we went to Iraq was for the Iraqi oil. We are not utilizing the Iraqi oil for U.S. purposes. We are not asking that the Iraqi oil be used to pay our military expenses. We are asking only that the Iraqi oil be used to rebuild Iraq—that is, to rebuild Iraq for the Iraqi people. So that it just is not plausible that we could be legitimately charged.

The PRESIDING OFFICER. The time for morning business has expired.

EXTENSION OF MORNING BUSINESS

Mr. SPECTER. Mr. President, I have been asked by the leader to ask unanimous consent that morning business be extended until 12:30, with the time equally divided; provided further that the Senate then recess under the previous order.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. SPECTER. Mr. President, I note the Senator from New York is on the floor. So I ask unanimous consent to speak for just 10 additional minutes so as to not unduly burden my colleague.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. SCHUMER. I appreciate my colleague's courtesy.

Mr. SPECTER. Mr. President, I will make my points and conclude within 10 minutes. I was on the point that some may charge the United States is there looking for the benefits from Iraqi oil. So long as we use the proceeds for the benefit of the Iraqi people, I don't think anybody can realistically make that argument.

One factor is difficult, and that is, with whom would we contract to make the loan? I must confess that gives me some pause. When a trustee takes over, a trustee is appointed by the court. If a trustee takes over a company that has been mismanaged, or where the directors or officers have committed fraud, the trustee has *carte blanche* to run the company—in this case, run the country. I believe it would be possible for the United States to undertake what we are doing here, under the watchful eye of others, because others will be watching—we can count on the French for that, if for little else, and we can count on the Germans for that,

if for little else. Under the watchful eye of others, we can discharge the fiduciary duty as trustees, and we are good for our word, and we are honorable, and we are there to help the Iraqi people.

While some may doubt that, we can prove it, so that what we do would be used for the benefit of the Iraqi people. There are other ways we might find somebody to contract with. It is my hope the efforts now by Secretary of State Colin Powell to bring in a U.N. resolution will be successful. We have learned from our experience that it is regrettable we could not get the U.N. Security Council to support our military action.

Going back to October 11 of last year, this Senator supported an amendment that would have gone back to the U.N. to try to get more multilateral action. It is true we led a number of nations—"the coalition of the willing"—but it was essentially the U.S. and Great Britain. While it was not quite unilateral, it didn't have the level of multilateral activity which would have been desirable. It is nonnegotiable that our troops would not be under any command other than the United States. But when it comes to the reorganization of Iraq and to what is going to happen in Iraq with respect to how contracts are going to be disbursed and the administration of Iraq, it is my hope the United States can show sufficient flexibility to get other nations to participate. If the United Nations is in, there might be the structure of someone with whom to contract to have these loans instead of grants. I am exploring the issue as to whether the International Monetary Fund or the World Bank might be able to come into the picture at least to have a quasi-trustee status, someone who could oversee the matter, perhaps even contract on behalf of Iraq. These are matters to be explored.

I am advised that the International Monetary Fund is precluded from coming in in the absence of a sovereign, but that if the U.N. passes a resolution, there might be a sufficient basis for the International Monetary Fund to come in. In any event, these are complexities. There are no easy answers.

It is my hope the Senate and the House will give consideration to trying to structure something that would be on the basis of a loan, or perhaps a loan guarantee. We have the precedent with Israel. We are not making grants, we are making loan guarantees. Why should we do more for Iraq than we are doing for Israel with the loan guarantees?

I know that time is a consideration and there is an effort to pass this appropriations bill this week. That may or may not happen. At a meeting of the chairmen yesterday, there was doubt expressed as to whether it could be accomplished this week. We do know we have passed the Defense appropriations bill so that the Department of Defense has some \$368 billion to operate. The

aspect of this bill on funding the Department of Defense may not require immediate action, although I would not delay it. I am prepared to move ahead this week and decide all of the issues if we can resolve it this week.

I think there is time to give consideration to a structure of the loan or a loan guarantee. I have consulted with a professor of bankruptcy to refresh my own recollection and my own knowledge on the subject and have been told the concept, the analogy to a bankruptcy, is solid; that there is another concept of "creditor in possession," which would provide an analog in bankruptcy law for us to operate. And as we take a look and search through the possibilities of finding someone to act on behalf of the Iraqi government, I am not suggesting the council that has been created has sufficient authority to contract; but perhaps if we obtain a resolution from the United Nations, we might work in the International Monetary Fund, or the World Bank, or we may be able to structure some circumstance so the loan could be effectuated, or a loan guarantee could be effectuated.

My soundings in my State, and what I hear from colleagues around the country, is the American people have grave questions about our policy in Iraq at the present time, questions about our military being in harm's way, questions about the casualties and fatalities that are occurring, questions about the United States advancing \$20 billion to Iraq at a time when we have a very tight Federal budget.

There is talk about the \$20 billion, some suggesting for additional domestic programs to offset \$20 billion. I do not think now is the time, given the kind of national debt and deficit we are looking at, to be adding more money to domestic spending. Within the past month, I defended on the floor the \$137 billion bill on Labor, Health, Human Services and Education and voted against many amendments I would like to have supported on increased education funding, health funding, or worker safety funding. But managing that bill, I opposed those amendments to stay within the budget resolution.

When we talk about a grant to Iraq for \$20 billion, there are inevitable questions on how much of that money will go for schools in Iraq, contrasted with how much money is going to be going for school construction in the United States. So I think it would be an act of generosity to make loans, an act of generosity to make loan guarantees. I understand there is considerable support in this body to make an outright grant, but as we consider this issue for the balance of the day and the balance of the week, I ask my colleagues to give consideration to the possibility of making a loan or making a loan guarantee.

As a matter of interest, how much time remains, Mr. President?

The PRESIDING OFFICER. The Senator has 15 seconds remaining.